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## **WASHINGTON PREPARES DRAFT MEDICAID WAIVER FOR PUBLIC COMMENT BEFORE FEDERAL REVIEW**

**OLYMPIA** – The Washington Medicaid program plans to circulate a new draft Medicaid Reform waiver early next month to give the public, health-care providers, Medicaid clients and stakeholders another opportunity to review and comment on a series of cost-containment measures that will be proposed to the federal government.

Medicaid representatives said the waiver package will include premiums for the highest-income Medicaid clients, co-pays for all clients to discourage inappropriate use of emergency rooms and brand-name prescription drugs, and an enrollment freeze for some optional groups the state could resort to in the event actual enrollment begins to exceed the state's forecast.

"These changes will be an important statement to legislators and taxpayers that the program is better managed and its clients are doing what they can to share in the cost of their care and consume services more prudently," said Doug Porter, the Assistant Secretary who heads the Medical Assistance Administration (MAA) in the Department of Social and Health Services.

Some draft decisions are still being weighed in light of the public testimony solicited at 10 Town Hall meetings held around the state in May and June. After the additional comment period in July, the proposals will be finalized and sent to the federal Centers for Medicare and Medicaid Services (CMS) by early August, Porter said.

### **Waiver on the Web**

In a few days, you can review the Medicaid waiver on line and register your opinion of it by e-mail.

The Department of Social and Health Services and its Medical Assistance Administration (MAA) have created a special Web site for documents and feedback on the new version of the Medicaid and SCHIP Reform Waiver.

The page also allows people to e-mail their comments directly to MAA. Other site features: Reports on each of the 10 Town Hall meetings held around the state, feedback forms, and related waiver documents.

<http://maa.dshs.wa.gov/medwaiver/>

Comment also may be mailed to:  
Medicaid Reform Waiver, P.O. Box  
45500, Olympia, WA 98504-5500

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“If we receive federal approval by the end of the year, we will be able to take these proposals to the Legislature in 2003 so they can take effect with the beginning of the new biennium in July 2003,” Porter said.

Porter noted that the state faces unprecedented funding challenges next year, and Medicaid – with costs growing faster than 10 percent a year – could become a tempting target for legislators trying to trim state expenditures in the face of revenues that are growing at only 2 percent or less.

“Our hope is that these cost-containment tools will help us slow the growth of expenses and give legislators more leverage,” Porter said. “But as we’ve warned people throughout our Town Hall hearings, the waiver is not a magic bullet. We are talking about saving tens of millions of dollars with this waiver; the current projection for revenue shortfall is \$1.2 billion, and Medicaid reductions to address this would likely be measured in the hundreds of millions of dollars.”

The waiver also asks the federal government to let the state keep approximately \$150 million in unused federal State Children’s Health Insurance Program (SCHIP) funds over the next five years. Washington is restricted by law now from using those funds for other health-care needs.

Because Washington was an early state in the effort to find and cover uninsured children, the SCHIP program virtually guarantees that the state will have about \$30 million a year in leftover funds. Currently, that money must be returned to the federal government, which then distributes it to other states with higher uninsured rates.

Porter noted that the Medicaid and SCHIP Reform Waiver will detail the specific “waiver populations” that determine which clients would have to pay premiums or get benefit changes, and who would be subject to an enrollment freeze. The waiver’s limited co-payments are proposed to apply to all Medicaid clients, he said.

Discussion at the Town Meetings generally dealt with these areas:

- **Enrollment freeze:** When appropriated funding will no longer support the current level of expenditures, an enrollment freeze on some optional programs could protect all current enrollees. (Mandatory Medicaid programs would continue to accept eligible applicants.) The enrollment freeze could last until legislators convened to appropriate additional funds, or enrollment returned to forecast levels. This is how the state’s Basic Health program operates.
- **Premiums:** Optional program enrollees with higher incomes would have to pay the small premiums (on the order of \$10 to \$15, with a cap for larger families). This is also similar to the Basic Health plan.
- **Co-Payments:** Any Medicaid client could be charged a \$5 co-pay if they insisted on expensive brand-name drugs unnecessarily or \$10 if they sought non-emergency care at a hospital Emergency Room.
- **Benefit redesign:** Some optional adult benefit packages would be streamlined, retaining major medical, hospitalization and preventive coverage, but dropping dental, vision and hearing. The coverage would still be broader than the Basic Health program, and all Medicaid children would continue to receive full-scope Medicaid coverage.

**EDITORS:** Waiver-related documents and other information are available on a special MAA Web site at <http://maa.dshs.wa.gov/medwaiver> To receive a free fact sheet on the waiver, interested parties also can e-mail [stevej2@dshs.wa.gov](mailto:stevej2@dshs.wa.gov)